TEACHERS' RETIREMENT ALLOWANCES FUND / ANNUAL REPORT
2000
CELEBRATING
TRAF
YEARS

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101-05755

Our Mission

We commit ourselves to administer the teachers' pension plan in a responsible and caring manner to assure a secure pension fund that will provide our members the benefits they have been promised and the information needed to make educated retirement decisions.

CELEBRATING
TRF
YEARS

M121

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PROFILE

In 1925, the Manitoba Teachers' Retirement Act was passed and the Board of Administrators of the Teachers' Retirement Fund Act came into being. The name was changed to the Teachers' Retirement Allowances Fund Board in 1948.

The Board of Directors

The TRAF Board administers the Teachers' Pensions Act and acts as trustee of the Fund. The Board employs the CEO and staff to fulfill its responsibilities under the Act.

The Board of Directors is made up of representatives from The Manitoba Teachers' Society, the Manitoba Association of School Trustees and the general public. Its members are appointed by the Lieutenant Governor in Council for two year terms. At the end of the term, they are either reappointed or a successor is found.

The role of the Board is to administer the Act and to ensure that beneficiaries of the plan are being treated appropriately. The Board strives to improve the operations and administers its responsibilities in the most efficient and effective way possible.

Investment Committee

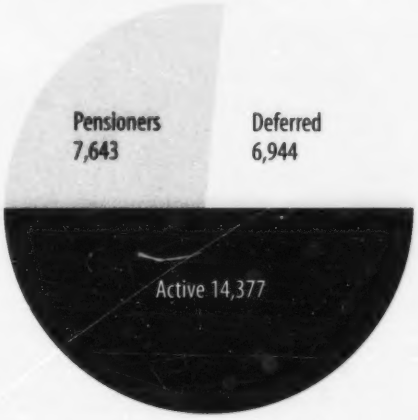
The Investment Committee directs the Fund's investment activities and is composed of the Deputy Minister of Finance, a member of the Board representing teachers and the Chair of the Board. Over the past decade, a second teacher member has been named as an observer of the Investment Committee to provide greater teacher involvement in investment management discussions.

The Fund

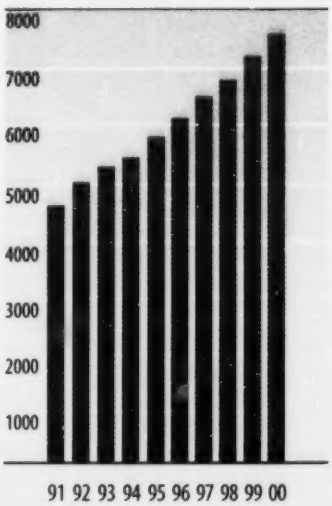
TRAF manages the employee portion of a defined benefit pension plan for Manitoba's public school teachers. The employer portion of teachers' pensions is not funded; it is paid by the Province of Manitoba on a pay-as-you-go basis.

On December 31, 2000, the Fund had assets of $1,906 million invested in a diversified portfolio of equities and fixed income securities. TRAF has 14,377 active teacher members, 7,643 pensioners and approximately 6,944 deferred teachers with benefit entitlements.

MEMBERSHIP PROFILE
As of December 31, 2000



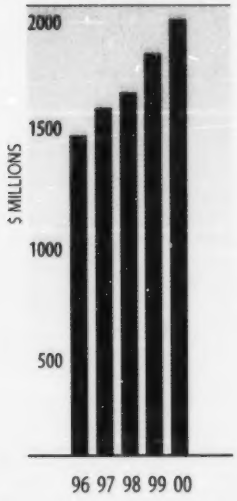
NUMBER OF PENSIONS IN PAY



INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS

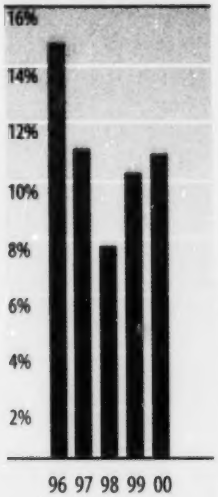
($ millions)		2000	1999
Net assets available for benefits, start of year		$ 1,755	$ 1,613
Add:	Teacher contributions	47	45
	Province's share of pensions	74	71
	Investment return	190	170
Deduct:	Pension payments	(141)	(131)
	Other payments	(9)	(11)
	Administration	(2)	(2)
Net assets available for benefits, end of year		$ 1,914	$ 1,755

NET ASSETS AVAILABLE FOR BENEFITS
December 31, 2000



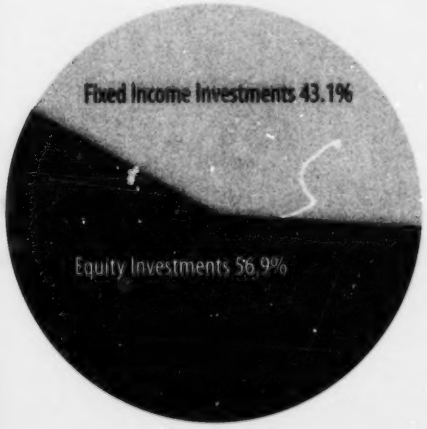
Investment return (%)	2000	1999
Annual	11.0%	10.7%
Composite benchmark	8.3%	13.0%
Annual inflation plus 3.75%	7.0%	6.3%
Actuarial requirement	7.0%	7.0%

INVESTMENT RETURNS



The 5 year average is 11.1%

ASSET MIX
As of December 31, 2000



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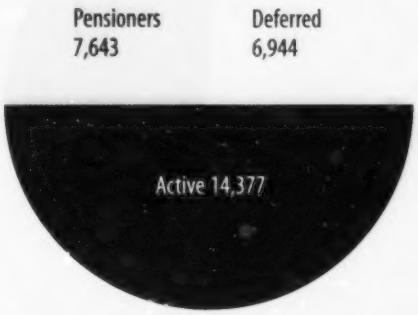
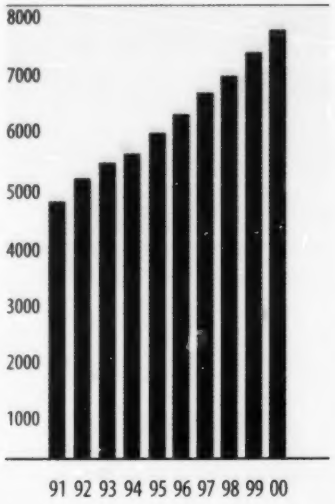


NUMBER OF PENSIONS IN PAY



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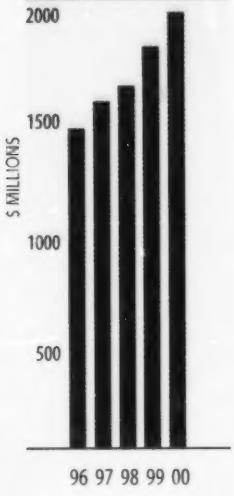

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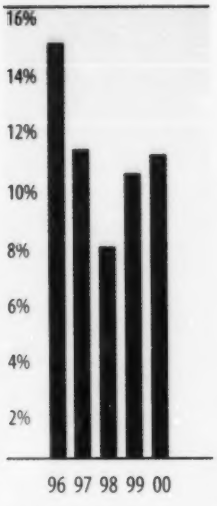
INVESTMENT RETURNS



The 5 year average is 11.1%

ASSET MIX
As of December 31, 2000

MESSAGE FROM THE CHAIR OF THE BOARD

In 2000, we published our 75th Anniversary book celebrating the success and progress that the organization and our members have made together through the first 75 years of growth. We've created an impressive list of accomplishments in these first 75 years and plan to add to this list in the coming years.

On behalf of the Board, I am proud to state that 2000 was an outstanding year for many reasons. TRAF continues to be guided by a talented and committed Board who remain true to the ultimate goal of securing our pension promise to each member. The legs of this vision are our dedicated staff who work with and on behalf of our members each day - we would like to thank them for their tireless efforts and unwavering commitment.

Our consistent dedication to personal member service is only part of our goal. Performance of the Fund's investments is also an integral factor used to determine our success each year.

This year we are pleased to report that TRAF achieved a 11% investment return. This return exceeds TRAF's benchmark of 8.3% and the median fund return of 10.5% as reported by our independent performance measurement service. The investment return serves to strengthen TRAF's surplus position as it exceeded the actuarial goal by about 4%. A stronger surplus means further security to our members and provides a modicum of flexibility to our pension partners, The Manitoba Teachers' Society and the Government of Manitoba.

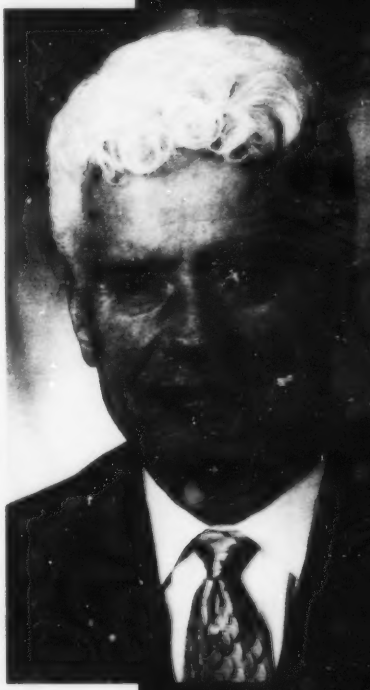
The main contributors to the 11% return were a 21% return on Canadian equity and 12.5% return on the bond portfolio. Low US and negative Non North American returns diminished the total return despite exceeding their benchmark index in each case. The Fund's investments are well diversified to protect against volatility in any one particular market. I would like to thank Greystone Managed Investments Inc. for its strong performance and professional guidance to the Investment Committee and Board in developing and monitoring our investment policy.

We remain optimistic that the issues of pension plan governance and the funding of the government's unfunded liability are moving towards resolution. The government continues to be willing to further the discussion on governance and has made a commitment to begin funding the unfunded liability as of April 1, 2000. This is an important beginning. We look forward to continue working with the government and The Manitoba Teachers' Society to strengthen the pension plan for Manitoba's public school teachers.

Ian Sutherland
Chair of the Board

Board members: Back (l to r): Bruce Chegus, Art Reimer, Cordell Barker. Front (l to r): Pat Isaak, Doug McGiffin, Bob Malazdrewich, Ian Sutherland

MESSAGE FROM THE PRESIDENT & CEO



The year 2000 was an important milestone for the Teachers' Retirement Allowances Fund. Our 75th Anniversary provided us with an opportunity to reflect on our past and to analyze our present situation so we can plan to continue meeting the needs of our members in the future.

The year 2000 marked the first full year that we have spent with Greystone Managed Investments Inc. While one year is not enough to provide a long-term picture of investment success, our first year working with Greystone has been very positive. As noted in our financial highlights, we have exceeded each objective in our Statement of Investment Policies and Goals. Not only did we exceed our total fund benchmark return by 2.7%, we also exceeded our benchmark return in all asset classes, except for real estate. We expect the actuarial valuation for 2001 to demonstrate a significant increase in our surplus as a result of our positive investment experience.

While we are pleased with the investment performance we have seen to date, we are constantly reviewing opportunities to improve our performance and manage our investment risk. During 2000 we terminated one US equity manager and restructured our US investments by increasing our allocation to Greystone. We also added a US Value Index manager for the balance of our US equity portfolio. We are considering undertaking an asset-liability modeling study following the completion of our actuarial valuation in 2001. This study would help us to develop our future investment strategy to better manage our investment risk while enhancing investment return.

Last year we expressed our concerns with the ability of the Pension Adjustment Account (PAA) as it is currently structured, to adequately fund cost of living adjustments. These concerns came to fruition in 2000. As a consequence of a negative return on our portfolios of bonds and mortgages in 1999, the PAA ended 1999 in an actuarial deficit position. As a result the PAA had no surplus assets available to pay any adjustment on July 1, 2000. An agreement was reached between the Government of Manitoba and The Manitoba Teachers' Society in late 2000, to transfer sufficient assets from the surplus in Account A to the PAA. In February 2001, TRAF paid a 2% COLA retroactive to July 2000. This action was based on the Minister of Education's commitment to introduce authorizing legislation and his request to immediately pay this COLA.

This is an ad hoc solution to the problem and applies to the year 2000 only. We are still waiting for a long term solution that will support predictable and reasonable cost of living adjustments in the future.

TRAF staff have been heavily engaged in planning for the future during the year 2000. It is important that we have the resources in place to meet our members needs through the anticipated influx of retiring baby-boomers. Our demographic projections suggest our most significant increase in retirements will occur during the next five years. With this in mind we proceeded to develop a five year plan to ensure that we are prepared for the increase in demands. At this point in time, we have completed a draft of the five year plan and are currently in the process of discussing it with the TRAF Board to obtain their approval. Once finalized, it is our intent to share the plan with our members and partners to demonstrate how we will deal with the challenges ahead.

Last year we advised you that we were planning for an expansion of our office space. Unfortunately, there has been a delay in our plans. We are now looking forward to occupying our new office space in June 2001.

At TRAF we continually strive to meet the pension related needs of our members. To accomplish this task, we rely on the vision of our competent and committed Board. The TRAF Board then relies on the staff who are equally as dedicated to ensuring the pension needs of our members are met. This combination is a sure recipe for success and we greatly appreciate having both ingredients in place. We look forward to continuing to grow with you, our members, over the next 75 years and beyond.

Tom Ulrich
President & CEO

INVESTMENT PERFORMANCE

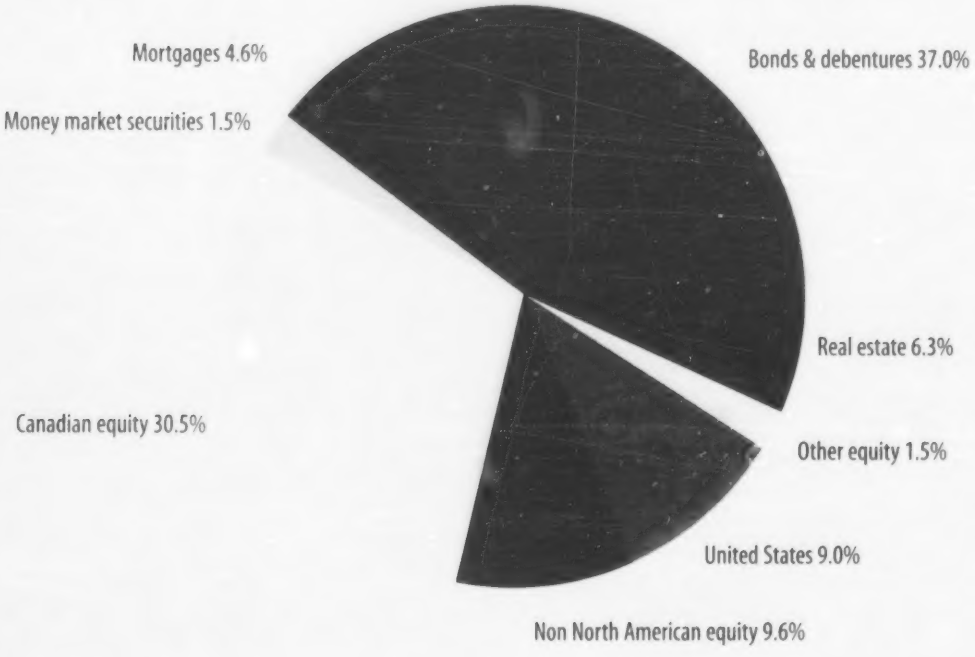
In the second quarter of 2000 we observed a dramatic decline in the technology sector. Equity markets struggled for the balance of the year and, other than the Canadian market, proved to be negative overall performers for the year. The US equity market, as measured by the S&P 500, declined 5.5% in Canadian dollars for the year while the Non North American market, as measured by the MSCI EAFE index, declined by 11.2%. While our investment manager outperformed both the S&P 500 and the MSCI EAFE indices, the return from each of these asset classes had a negative impact on our total rate of return.

The bond and mortgage markets were quite a different picture. After a negative return in 1999, our combined performance in these markets provided for a positive return of 12.4% in 2000. Real estate also performed well, returning 11.1% for the year.

Overall, our excellent performance in Canadian equities, fixed income and real estate significantly outweighed the negative effect of our foreign assets and provided an annual return of 11.0%. This exceeded our benchmark return of 8.3%, our actuarial requirement of 7.0% and was better than the average performance of funds measured by our independent performance measurement service, which was 10.5%.

The fourth quarter of 2000 was negative for equity markets, so we enter 2001 with new challenges. The slowdown in the US economy will have worldwide impact. Canada anticipates that it will not be as negatively affected as the US, but the extent of its downturn is as yet unknown. We will continue working closely with our investment manager to assure continued positive investment performance.

INVESTED ASSETS
at December 31, 2000



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Investment Objectives

The specific objectives for the Fund's performance over the long term are:

- to exceed the aggregate returns achieved by the Fund's index-based benchmark asset mix portfolio by 1/2 of 1%,
- to exceed the median fund performance results achieved in a universe of comparable balanced funds as calculated by an independent provider of performance measurement services,
- to achieve a 3.75% rate of return above inflation.

Our investment performance in 2000 exceeded each of these objectives in virtually every category.

The year 2000 presented its challenges in the management of our investment strategy. The year opened with developing concerns regarding the over-heated equity markets, especially in the technology area. In Canada this was compounded by the growing portion of the market being dominated by one technology company, Nortel, which grew to comprise 35% of the weighting of the TSE 300. With this in mind, and based on the advice of Greystone, TRAF amended its Statement of Investment Policies & Goals to limit exposure to any one company to 10% of the relevant portfolio. To fairly assess the investment performance of our investment manager, we also chose to adopt the TSE 300 10% Capped Index as our benchmark for measuring investment performance for Canadian equities.

INVESTMENTS	Market Value Dec. 31, 2000 ($millions)	Return 2000 %	Benchmark Return %	Comstat Median Return %
Fixed income				
Bonds and debentures	$ 705	12.5%	10.3%	10.4%
Mortgages	88	11.4	9.0	8.3
Money market securities	29	5.7	5.5	5.6
Equities				
Canadian	582	21.0	16.0	20.3
Non North American	182	-7.6	-11.2	-10.0
United States	171	1.4	-5.5	1.7
Other	29	21.8	16.0	20.3
Real estate	120	11.1	12.0	10.1
Total	$ 1,906	11.0%	8.3%	10.5%

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OUR 75TH YEAR IN REVIEW

Each new year brings with it the potential to triumph and the potential to be challenged. The following were at the forefront of our efforts this past year and will continue to affect how we progress into the next year.

75th Anniversary Project

To commemorate our 75th Anniversary, TRAF published a book outlining the history of our members and the plan over the past 75 years. All production costs associated with this book were paid for by sponsors. We are thankful for the support from our service providers who donated the funds to undertake this project. We are especially appreciative of Greystone Managed Investments Inc. who guaranteed the necessary financial support.

We would also like to thank HB Group Insurance, Aon Consulting, William M. Mercer, CIBC Mellon, Manitoba Blue Cross, Ralph W. Schilling Architect, Johnson Inc., Comstat Capital Sciences Inc. and Mycroft.

Pension Adjustment Account

The Pension Adjustment Account (PAA) opened this year as a critical issue because there were no surplus funds available to pay a cost of living adjustment for 2000. In late 2000, the Government and The Manitoba Teachers' Society agreed to transfer $15.6 million of surplus from the Basic Benefit Reserve to the PAA. In February 2001, TRAF paid a 2% cost of living adjustment retroactive to July 2000, based on the Minister of Education's commitment to introduce enabling legislation.

This temporary solution applies to the year 2000 only and a long term solution is still being explored.

Maternity Leave

The Government of Manitoba passed legislation in August 2000 to allow current and former Manitoba public school teachers who were not already receiving their pension to purchase periods of maternity leave as pensionable service. Teachers currently taking maternity leave may purchase the period of the leave either by making contributions while on leave or by making arrangements within 18 months of returning to teach to pay the required contributions.

Teachers have until July 3, 2002 to make arrangements with TRAF to purchase the periods of leave. This provision is a step toward providing greater pension equity between male and female teachers.

Data Review

TRAF collects and stores pensionable salary and service data for each member. This data is collected from over 60 school divisions/districts and other participating employers in Manitoba. In 2001, TRAF will implement a new system of collecting and recording this data. It will ensure that we have more accurate data available to provide pension information, and will simplify the overall administration.

To ensure that existing data is accurate, TRAF launched a Data Review project to audit the historical records for all active members. This project involves scrutinizing the salary, service and contribution records for more than 14,000 member accounts. By ensuring that data is correct, TRAF also ensures that benefit information, including pension estimates and Benefit Statements is more precise and ultimately, that final pension benefits are paid appropriately.

Unfunded Liability Commitment

In its May 2000 budget, the Government of Manitoba committed to funding its unfunded liability for teachers pensions. Effective from April 1, 2000, the government will match contributions by all new teachers and will make separate payments toward the accrued liabilities. A separate fund has been created for this purpose and the government has proposed legislation which will authorize TRAF to manage it.

Reciprocal Transfer Agreement

In January 2001, the TRAF Board approved participation in a new reciprocal transfer agreement. To date, all provinces except British Columbia and Newfoundland have indicated a desire to participate in the agreement. It is expected that the new agreement will become effective May 1, 2001. A working group with representation from Manitoba, Saskatchewan and Alberta provided the leadership to develop this new agreement. We are hopeful that in the near future it will become a truly national agreement.

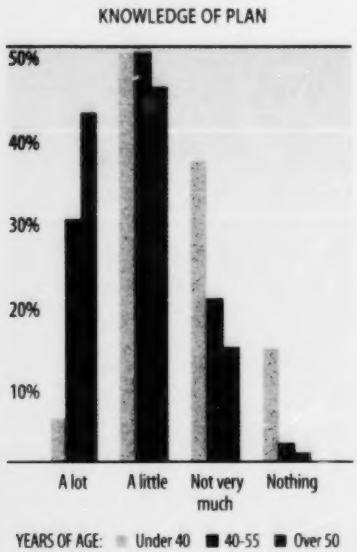
Member Needs Analysis Survey

To ensure that we were meeting the needs of our members, TRAF conducted a membership analysis survey at the beginning of 2000. The basic goals of this survey were to discover:

- The awareness level of TRAF and its role.
- Member satisfaction with services.
- Member confidence in the pension plan.
- Effectiveness of communication materials.

A representative sampling of members were surveyed in February 2000.

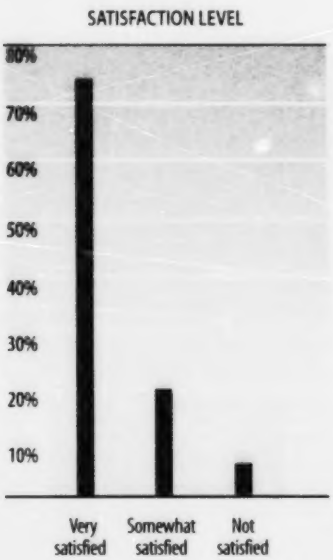
Members were asked to assess their knowledge of the pension plan:



Currently there is some confusion as to what TRAF's responsibilities are compared to those of related organizations. Of particular concern is the fact that over 55% of members either were sure or thought that we offered investment planning services. Over two-thirds of our members either were sure or thought that we have the authority to change legislation. Both of these findings are of concern to TRAF as neither one is accurate. Through our research it became apparent we must concentrate on further educating members about the role and responsibility of TRAF.

Management Team *(left to right):*
Les Brown (Vice President, Information Services);
Brenda Venuto (Vice President, Benefits Administration & Member Services);
Dewar McKinnon (Vice President, Finance & Operations);
Tom Ulrich (President & CEO)

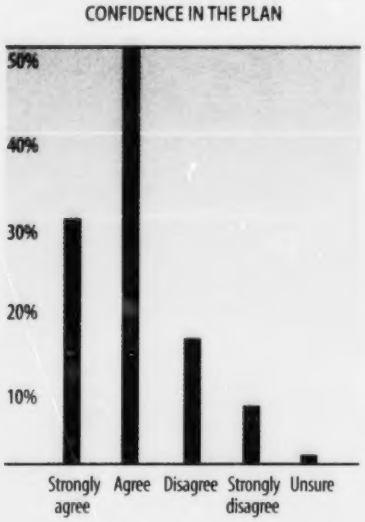
Those members who had contacted TRAF were asked to rate their level of satisfaction with services:



The research firm that conducted this survey stated in their report, "The importance TRAF has placed on answering members' questions thoroughly and promptly has clearly paid off in terms of member satisfaction."

Active members were asked if they agreed with the following statement.

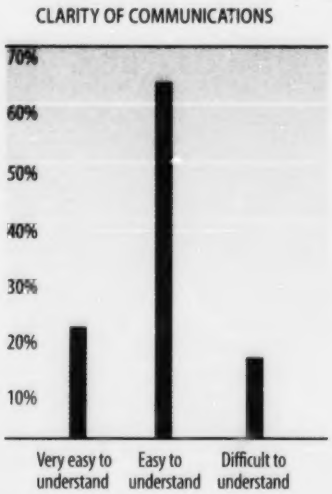
"I am confident that when I retire my teachers pension will be there for me."



Almost 80% of our members are very or somewhat confident the pension plan will be there for them upon retirement. Considering that TRAF is currently not a fully funded pension plan, we feel that these numbers are quite generous. The fact that almost 20% of our members are not comfortable that the plan will be there when they retire, confirms to us the importance of assuming that members understand the nature and status of the funding of this plan. We believe this concern would be diminished if the employer liabilities were funded.

TRAF is responsible to communicate many plan details to our members each day. It is our belief that communication is only effective if the people who receive the information can understand it.

Our members were asked if they find the information easy or difficult to understand.



Although we have made strides on the issue of communicating in plain language, we still have room for improvement, which is something we will be concentrating on in the future.

Through our research, we also discovered that less than 10% of our members have visited our website. This, in addition to many other findings will help us to more clearly focus the direction of our communications to be more inviting, informative and helpful to our users in the next few years.

Account A (Basic Benefits Reserve)

Subsection 45(4) of The Teachers' Pensions Act requires that an actuarial valuation be made of the fund at least once every three years. The most recent actuarial valuation was completed on January 1, 1998 by Aon Consulting Inc., the actuary for the Fund. The valuation disclosed a surplus of $43.9 million in the Basic Benefit Reserve as of January 1, 1998.

The next actuarial valuation of the fund will be performed as of January 1, 2001.

Pension Adjustment Account (PAA)

An actuarial valuation of the PAA is completed annually to determine what cost of living adjustment can be paid. The last valuation on December 31, 1999, showed an unfunded actuarial liability of $662,493. The Consumer Price Index increased 2.6% during 1999; however, because of the unfunded liability in the PAA, no cost of living increase could be granted in July 2000.

On January 31, 2001, the TRAF Board approved the payment of a 2% cost of living adjustment retroactive to July 1, 2000. The approval was based on a commitment by the Province to introduce legislation authorizing the transfer of $15,621,010 from the Basic Benefit Reserve to the PAA to cover the liability created by this increase. We anticipate that the legislation will be introduced this spring.

The PAA will not be able to pay reasonable cost of living adjustments in the future unless the legislation surrounding the Account is changed.

M121

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MEMBER SERVICES

TRAF is proud that the year 2000 marked the 75th year that we have been working with Manitoba's public school teachers.

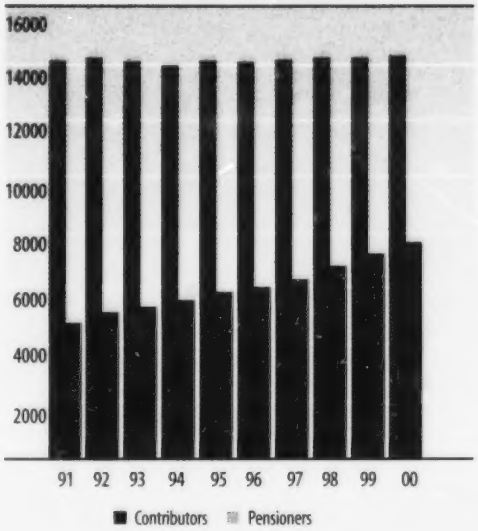
Member service continues to be our priority. Whether managing the assets of the fund; directing investments; conducting seminars or personal appointments; responding to information requests; distributing the newsletters and annual report; or providing monthly pension payments; the well-being of our membership is always the focus of our efforts

During 2000, we maintained service, salary and contribution records for 14,377 active members, 6,944 deferred members, and ensured that our 7,643 pensioners and their beneficiaries received their benefit entitlements.

Service demands have continued to increase in recent years as we see a growing number of teachers approaching and entering retirement. The number of annual retirements is expected to continue to increase until 2002 when the leading edge of the "baby boomers" reaches age 55. To position ourselves to be able to respond to these increases, two additional staff members were employed with the Member Services team.

In mid August, legislation was passed to allow female teachers to purchase maternity leave as pensionable service. New communications were prepared and distributed to over 9,500 active female teachers. An electronic workflow system was put into place to better handle the expected volume of requests and to streamline the process.

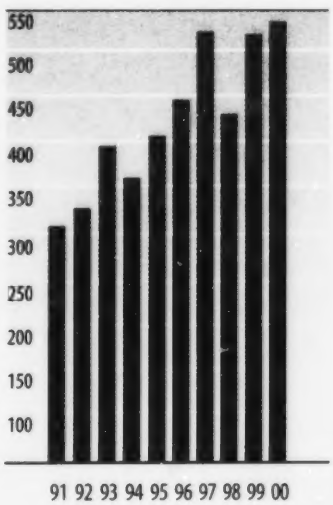
CONTRIBUTORS AND PENSIONERS



General Information Requests	2000	1999
Estimate Calculations*	7,300	6,538
Number of Appointments	1,205	1,171
Number of Seminars - Local	24	16
Rural	16	14

*In addition to those above, calculations are also made for buy-backs, marriage breakup entitlements, reciprocal transfe ., death benefits and contribution refunds.

NUMBER OF NEW PENSIONS GRANTED



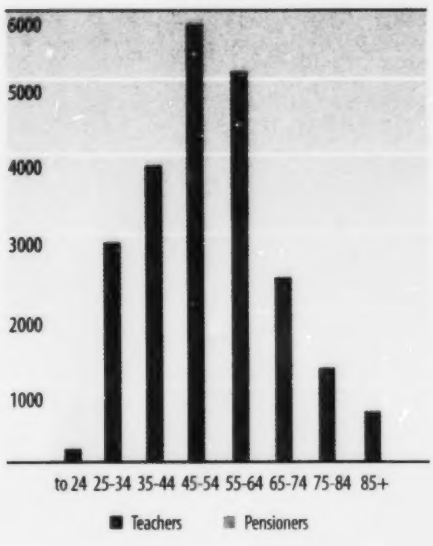
New Retirements	2000		1999	
	Male	Female	Male	Female
# of Retirements*	226	189	208	178
Average Age	57	57.7	57.4	57.4
Average Service	30.8	26.6	31.1	25.9
Average Monthly Pension	$2,218	$1,804	$2,236	$1,726

*There were a further 113 pensions processed for deferred members and 9 annuities granted in 2000.

TRAF made 7,643 pension payments to former teachers and their beneficiaries at the end of 2000. This represents a net increase of 391 from the prior year. Following is a summary analysis of the number and types of pensions being paid:

PENSIONS IN PAY	2000	1999
Regular service pensions		
to retired teachers	6,806	6,422
to dependants or estates of deceased retired teachers	302	290
Disability pensions		
to retired disabled teachers	46	49
to dependants or estates of deceased retired disabled teachers	6	5
Death benefits		
to surviving spouses or children of deceased teachers	138	137
Special annuities	345	349
Total	7,643	7,252
Female pensioners	4,175	4,029
Male pensioners	3,468	3,223

AGE DISTRIBUTION
December 31, 2000



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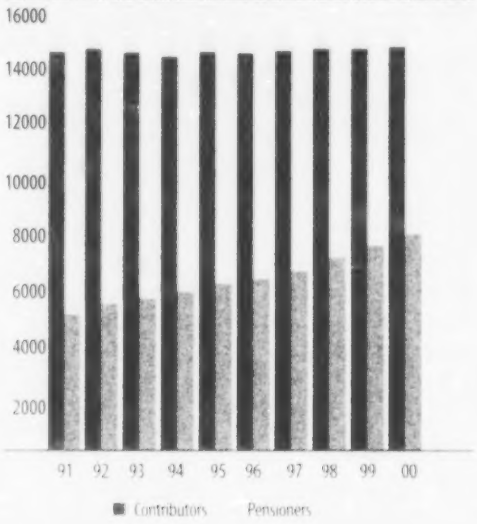

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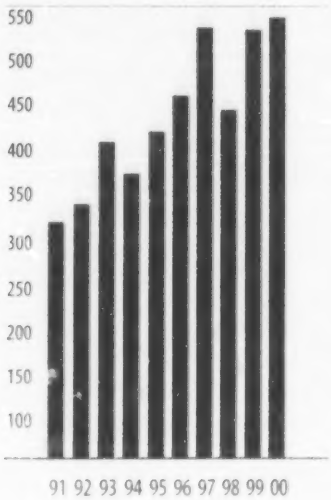

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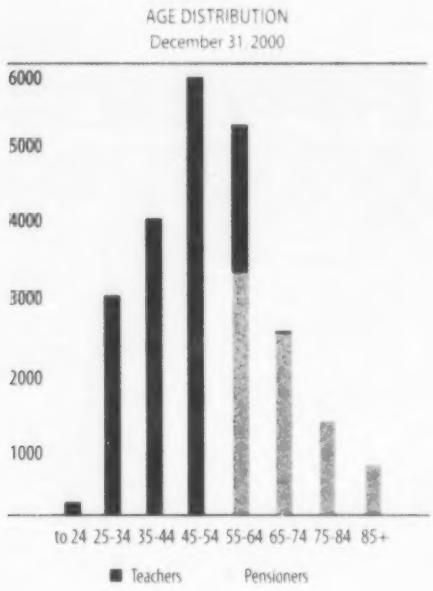

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

TRAF

TEACHERS' RETIREMENT ALLOWANCES FUND

The Financial Statements of the Teachers' Retirement Allowances Fund have been prepared by management, which is responsible for the integrity and fairness of data presented, including amounts based on informed estimates and assumptions. The Financial Statements have been prepared in accordance with generally accepted accounting principles. Financial and operating data elsewhere in the Annual Report are consistent with the Financial Statements.

Systems of internal control and supporting procedures are maintained to provide assurance that transactions are authorized, assets are safeguarded and proper records maintained. These controls include high quality standards for hiring and training employees, an organizational structure that provides a well defined division of responsibilities and accountability for performance, and the communication of policies and guidelines throughout the organization.

Ultimate responsibility for the Financial Statements rests with the Board, assisted in its responsibilities by the management and staff. The Fund's external auditor, the Provincial Auditor, has conducted an independent examination of the Financial Statements in accordance with generally accepted auditing standards, performing tests and other procedures as considered necessary to express the opinion in the auditors' report. The Provincial Auditor has full and unrestricted access to the Board to discuss the audit and related findings as to the integrity of the Fund's financial reporting and the adequacy of internal systems.

Tom Ulrich
President & Chief Operating Officer

Dewar McKinnon, CGA
Vice President, Finance & Operations

March 9, 2001

Office of the Provincial Auditor

500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

To the Legislative Assembly of Manitoba
To the Members of the Teachers' Retirement Allowances Plan

We have audited the statement of net assets for benefits of The Teachers' Retirement Allowances Fund as at December 31, 2000 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the net assets available for benefits of the Fund as at December 31, 2000 and the changes in net assets available for benefits and cash flows for the year then ended in accordance with generally accepted accounting principles.

Subsequent to year-end, as described in Note 18 of the financial statements, the Board passed a motion granting a 2% cost of living adjustment that was not in compliance with the Teachers' Pensions Act.

James M. Martin, CA
for the Provincial Auditor

Winnipeg, Manitoba
March 9, 2001

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

($ Thousands)	2000	1999
ASSETS		
Investments, Note 3	$ 1,905,856	$ 1,744,907
Investment income receivable	11,944	8,590
Contributions and other receivables, Note 4	9,714	9,080
Cash	2,461	1,402
Capital assets	23	181
Prepaid expense	7	7
TOTAL ASSETS	1,930,214	1,764,167
LIABILITIES		
Accrued liabilities	2,812	2,940
Payable for settlement of outstanding trades	5,956	–
Money purchase accounts, Note 6	406	389
Employer trust accounts, Note 7		
Manitoba Teachers' Society	4,789	4,506
Manitoba Association of School Trustees	290	286
Provision for Fund's share of employees' pension benefits, Note 8	1,662	1,542
TOTAL LIABILITIES	15,915	9,663
NET ASSETS AVAILABLE FOR BENEFITS	$ 1,914,299	$ 1,754,504

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

($ Thousands)	Account A		2000	1999
	Basic Benefits	Pension Adjustments	Total	Total
INCREASE IN ASSETS				
Contributions, Note 9	$ 113,752	$ 7,398	$ 121,150	$ 116,477
Net investment income, Note 12	62,219	11,541	73,760	69,203
Current period change in fair value of investments, Note 13	116,505	–	116,505	100,497
Other income	–	–	–	63
TOTAL INCREASE IN ASSETS	292,476	18,939	311,415	286,240
DECREASE IN ASSETS				
Pensions paid	130,275	10,693	140,968	130,835
Refunds	5,790	–	5,790	8,311
Transfers under reciprocal agreements	2,446	–	2,446	3,094
General administration, Note 16	2,416	–	2,416	2,281
TOTAL DECREASE IN ASSETS	140,927	10,693	151,620	144,521
INCREASE IN NET ASSETS	151,549	8,246	159,795	141,719
BALANCE AT BEGINNING OF YEAR	1,661,305	93,199	1,754,504	1,612,785
NET ASSETS AVAILABLE FOR BENEFITS AT END OF YEAR	$ 1,812,854	$ 101,445	$ 1,914,299	$ 1,754,504

NOTES TO FINANCIAL STATEMENTS

1. Description of Plan

The following description of the Teachers' Retirement Allowances Fund ("the Fund") plan is a summary only. For more complete information, reference should be made to The Teachers' Pensions Act ("the Act"), as amended.

(a) General

The Teachers' Retirement Allowances Fund Board ("the Board") was originally constituted under an Act passed at the 1925 session of the Legislature. The Board currently operates under the authority of The Teachers' Pensions Act. The Board is charged with responsibility for administering the Act and functions as trustee of a fund maintained to provide defined benefit pensions to public school teachers in Manitoba.

The Act provides for distinct and separate accounts in the Fund, known respectively as Account A and Account B. In Account A, the Fund records the net assets arising from teacher contributions and all payments of pensions, allowances and expenses. It also receives reimbursement for the Province's half of the pensions paid as a transfer from Account B. Account B records the receipt of the Province of Manitoba's payments for its share of pensions paid and certain other payments as described in the Act. Account B is reduced by transfers to Account A. The balance of Account B is reflected as receivable on the statement of net assets available for benefits (Note 4).

The Fund maintains separate trust accounts for The Manitoba Teachers' Society (MTS) and the Manitoba Association of School Trustees (MAST). Qualifying employees of these organizations are considered to be teachers for purposes of participating in the Fund. Employer obligations for benefits, in respect of these individuals, are funded through these separate trust accounts.

The Fund also keeps separate Money Purchase Accounts to hold other related funds on a trust basis.

(b) Funding

The Act requires all Manitoba public school teachers to contribute to the Fund on a basis related to their salary. Teachers contribute 5.7% on pensionable earnings up to the Canada Pension Plan's yearly maximum pensionable earnings (YMPE) and 7.3% on pensionable earnings in excess of the YMPE. In accordance with the Act, 83.5% (83.6% to August 31, 2000) of contributions are used to fund basic benefits and 16.5% (16.4% to August 31, 2000) of contributions are allocated to the Pension Adjustment Account for the purpose of indexing benefits.

In accordance with the Act, the Province of Manitoba contributes, on an annual basis, its share of pensions paid during the year and certain other statutory charges. The Province's liability for pension benefits, which is approximately $1.6 billion, is unfunded (Note 11).

(c) Retirement pensions

An unreduced pension is available at age 60, or as early as age 55 where combined age and service equals 80. Any reduction in pension is offset by a bridging benefit. Members are eligible to retire at age 55 with 10 years of service, provided that two of the years are within a 10 year period ending after 1984. All members must commence pension benefits no later than December 31 of the year age 69 is attained.

(d) Withdrawal refunds

Subject to lock-in provisions, refunds are available when an active member ceases employment.

(e) Death benefits

(i) Active teachers

Upon the death of an active teacher, a lump sum is payable to the estate or beneficiary based on pre 1985 contributions and interest and the commuted value of the post 1984 deferred pension. Spouses may elect to convert their lump sum benefit to a monthly annuity. Where the service is non-vested, the benefit payable is the contributions and interest accumulated in 1985 and later.

(ii) Pensioners

Upon the death of a pensioner, pension benefits continue to be paid to a beneficiary where a survivor option has been selected. A refund is payable to the estate or beneficiary of a pensioner where the pension has not been paid to the full extent of the member's contributions plus interest from the pension effective date.

(f) Other provisions

(i) Buy backs

Purchase of past service and reinstatement of refunded service is allowed, pursuant to the terms and conditions contained in the Act.

(ii) Marriage break up

Where marriages have broken up in 1984 or later, the spouse is entitled to one-half the value of the pension earned during the period of marriage pursuant to the terms and conditions contained in the Act.

(iii) Maternity leaves

Current and former teachers, who are not receiving pensions, may purchase periods of service missed due to maternity leave(s).

(g) Cost of living adjustments

Pensions are adjusted annually by the lesser of the change in the Canada Consumer Price Index or the amount actuarially available in the Pension Adjustment Account to fund one half of the cost of living adjustment.

(h) **Income taxes**

The Teachers' Retirement Allowances Fund is a Registered Pension Plan as defined in the Income Tax Act and is not subject to income taxes. The Fund's registration number is 0273698.

2. Significant Accounting Policies

(a) **Basis of presentation**

The financial statements of the Fund are prepared on a going concern basis and present the aggregate financial position of the Fund as a separate financial reporting entity. The statements are prepared to assist teachers and others in reviewing the activities of the plan during the year.

The Fund's financial statements are prepared in accordance with generally accepted accounting principles.

(b) **Investments**

Investments are stated at fair value on a trade date basis. Fair value is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable willing parties who are under no compulsion to act.

Publicly traded investments are stated at year end market prices as listed on the appropriate exchange, or as provided by the Fund's custodian from independent outside sources.

Mortgages are stated at market value based on the present value of future cash flows.

Money market securities are recorded at cost which approximates market.

Pooled equity funds are valued based on the quoted market price of the underlying investments.

Private investments such as private debt and other equity are valued by the external manager or are held at cost where no previous valuation has been prepared.

Real estate market values are based on the most recently available external management valuations or appraisals of the underlying properties or held at cost where no previous valuation has been prepared.

(c) **Foreign currency translation**

The market value of investments and cash balances denominated in foreign currencies are translated into Canadian dollars at the rates in effect at year end and the resulting change is included in the current period change in fair value of investments.

Transactions denominated in foreign currencies are translated into Canadian dollars at the rates of exchange prevailing on the dates of the transactions. Hedged foreign currency transactions are translated at rates of exchange established by the terms of the forward exchange contracts. The foreign exchange on revenue and expense transactions is included in investment income.

(d) Forward contracts

A forward is a contractual obligation either to buy or sell a specified amount of foreign currency at a predetermined future date and exchange rate. Forward contracts are valued at the estimated amounts that the Fund would receive or pay to terminate the contracts at the reporting date. Gains or losses on forward contracts are recognized with the current period change in fair value of investments.

(e) Provision for Fund's share of employees' pension benefits

Employees of The Teachers' Retirement Allowances Fund are pensionable under The Civil Service Superannuation Act. The Teachers' Retirement Allowances Fund accrues a liability for the employer share of the employees' pension benefits, including future cost of living adjustments, based on an actuarial report.

(f) Capital assets

Computer equipment, office equipment and software acquisitions are capitalized and amortized on a straight line basis over five years.

3. Investments, at Fair Value

($ Thousands)	2000	1999
Fixed Income		
Bonds and debentures	$ 705,330	$ 703,212
Mortgages	87,937	76,727
Money market securities	29,059	23,417
Equities		
Canadian	581,664	474,754
Non North American	182,267	181,483
United States	171,024	141,088
Other	28,881	26,763
Real estate	119,694	117,463
	$ 1,905,856	**$ 1,744,907**

4. Contributions and Other Receivables

($ Thousands)	2000	1999
Account B	$ 6,325	$ 5,930
Teacher contributions	3,372	2,948
Other receivables	17	202
	$ 9,714	**$ 9,080**

5. Risk Management

The Fund follows a balanced fund asset mix strategy to earn the best possible investment return at an acceptable level of risk.

(a) Interest rate and market risk

Interest rate risk refers to the adverse consequences of interest rate changes on the Fund's cash flows, financial position and income. This risk arises from differences in the timing and amount of cash flows related to the Fund's assets and liabilities.

The value of the Fund's investments is affected by changes in nominal short term interest rates and their impact on equity markets. Assuming a parallel change in long and short term yields, a 1% increase in interest rates would have the effect of decreasing the value of fixed income investments by 5%.

Pension liabilities are exposed to the long term expectation of real rate of return on the investments as well as expectations of inflation and salary escalation. Holding all other actuarial assumptions constant, a 1% decrease in the assumed long term rate of return would result in a 13% increase in the pension liabilities for Basic Benefits.

The value of certain investments is also affected by the existence of limited secondary markets.

To manage interest rate and market risks, the assets of the Fund are invested to ensure a prudent level of diversification by type of security, geographic location and by industry.

(b) Credit risk

Credit risk arises from the potential for an investee to fail or for a counterparty to default on its contractual obligations to the Fund.

The Fund limits credit risk by dealing with counterparties that are considered to be of high quality, by obtaining collateral where appropriate, through investment diversification and by setting and monitoring compliance with portfolio guidelines.

(c) Foreign currency risk

Foreign currency exposure results where investments are denominated in a foreign currency.

The Fund, through its investment managers, may employ hedging strategies to mitigate the foreign currency risk in the portfolio. At December 31, 2000, the Fund held $4,835,000 (1999 - $15,920,000) in forward contracts with net unrealized gains of $78,000 (1999 - $329,000).

6. Money Purchase Accounts

Separate money purchase accounts have been established for persons transferring amounts to the Fund in accordance with the Act. These accounts are maintained separately from the Fund's other activities. The individual accounts earn investment income, less an administration fee of 1% of the average balance in the account during the year. On the written direction of the individual, the accumulated amount of the individual's account is transferred out to a Locked in Retirement Account or into the Fund's Account A for initiation of a lifetime annuity.

($ Thousands)	2000	1999
Balance at beginning of year	$ 389	$ 442
Deposits	–	16
Investment income	21	18
Transfer for basic benefits	–	(59)
Transfer to Locked In Retirement Account	–	(24)
Administration fee	(4)	(4)
Balance at end of year	$ 406	$ 389

7. Employer Trust Accounts

The Fund maintains separate trust accounts for the employer obligation for pension benefits in respect of MAST and MTS employees who are members of the Fund. The trust accounts receive the employer contributions and investment income and are charged with the employer share of pensions paid.

(a) Manitoba Teachers' Society Trust Account

($ Thousands)	2000	1999
Balance at beginning of year	$ 4,506	$ 4,181
Contributions	–	68
Investment income	477	435
Pension payments	(194)	(178)
Balance at end of year	$ 4,789	$ 4,506

(b) Manitoba Association of School Trustees Trust Account

($ Thousands)	2000	1999
Balance at beginning of year	$ 286	$ 274
Contributions	1	7
Investment income	30	28
Pension payments	(27)	(23)
Balance at end of year	**$ 290**	**$ 286**

8. Provision for Fund's Share of Employees' Pension Benefits

($ Thousands)	2000	1999
Balance at beginning of year	$ 1,542	$ 1,708
Benefits accrued	67	60
Interest accrued on benefits	116	(162)
Benefits paid	(63)	(64)
Balance at end of year	**$ 1,662**	**$ 1,542**

The valuation of the pension obligations as at December 31, 1998 was conducted by Ellement and Ellement Ltd., consulting actuaries. The key actuarial assumptions were a rate of return of 7% (1995 - 7.5%), 3% inflation (1995 - 3.75%), salary rate increases of 4.5% (1995 - 5.5%) and post retirement indexing at 2/3 of the inflation rate. The entry age normal actuarial cost method was used and the liabilities have been extrapolated to December 31, 2000 using a formula provided by the actuary.

9. Contributions

($ Thousands)	2000	1999
Teachers	$ 45,965	$ 44,954
Transfers from Account B		
Share of benefits charged	72,601	69,603
Other statutory charges	1,664	1,670
Transfers under reciprocal agreements	920	191
Transfers from money purchase accounts	–	59
	$ 121,150	**$ 116,477**

10. Actuarial Valuations

The Teachers' Pensions Act, sub section 45(4), requires an actuarial valuation of the Fund at least every three years. The most recent actuarial valuation of Account A (excluding the Pension Adjustment Account) was completed as at January 1, 1998 by Aon Consulting Inc., consulting actuaries. The Province of Manitoba also engaged Aon Consulting Inc. to conduct an actuarial valuation of its liability for accrued pension benefits under The Teachers' Pensions Act as at January 1, 1998. The unit credit actuarial cost method was used for both valuations.

The assumptions used in determining the actuarial value of benefits accrued for service to date for Account A and Account B were developed by reference to expected long term market conditions. The significant long term actuarial assumptions used in the valuations were:

	1998 to 2000	after 2000	1996 Account A only
Annual rate of return			
(a) inflation component	2.00%	3.25%	4.00%
(b) real rate of return	5.00%	3.75%	3.75%
	7.00%	7.00%	7.75%
Annual salary escalation rates			
(a) General increases:			
(i) inflation component	2.00%	3.25%	4.00%
	1998 to 2010	after 2010	1996
(ii) real salary gain component	0.00%	0.75%	0.00%

(b) the rates used for service, qualification and promotional increases vary by gender and age groupings from a high of 4.95% to a low of 0.25% (no change from 1996).

The actuarial valuation of Account A (excluding the Pension Adjustment Account) as at January 1, 1998 disclosed a surplus of $43,869,000 (1996 - $28,778,600). Account A reflects only the teachers' portion of the accrued pension benefits. The next valuation of Account A will occur as at January 1, 2001.

The actuarial present value of the Province's accrued pension benefits liability (Account B) was calculated at $1,352,197,400 for service to January 1, 1998.

The Pension Adjustment Account is actuarially valued each year to determine the amount available to fund one half of any cost of living increase. The December 31, 1999 actuarial report, prepared by Aon Consulting Inc. disclosed an unfunded liability of $662,493 (1998 - $5,439,473 surplus). The actuarial assumption used in the 1999 report for the rate of interest expected to be earned on the account was 6.00% (1998 - 6.00%). The rate of interest used to determine the liability for the cost of living benefits of Account B was 7.00%.

11. Accrued Pension Benefits

(a) Basic benefits

The present value of accrued pension benefits - Account A (excluding the Pension Adjustment Account), for service to January 1, 1998, was determined from the actuarial valuation referred to in Note 10. The present value of accrued pension benefits - Account B (excluding cost of living adjustments which are shown in (b) below) was determined from the separate actuarial valuation conducted for the Province of Manitoba at the same date. Identical assumptions were used in both valuations except in calculating cost of living liabilities. The present value of accrued pension benefits has been extrapolated from January 1, 1998 to December 31, 2000, using a formula developed by the actuary.

($Millions)	Account A	Account B	2000 Total	1999 Total
Estimated actuarial present value of accrued pension benefits for service to beginning of year	$ 1,456	$ 1,417	$ 2,873	$ 2,718
Interest accrued on benefits	101	96	197	188
Benefits accrued	47	43	90	88
Benefits paid	(65)	(62)	(127)	(121)
Net increase in accrued pension benefits	83	77	160	155
Estimated actuarial present value of accrued pension benefits for service to end of year	**$ 1,539**	**$ 1,494**	**$ 3,033**	**$ 2,873**

The estimated actuarial present value of accrued pension benefits in Account A is the Fund's obligation, while Account B represents the Province's obligation. The Account B liability for basic benefits is unfunded.

(b) Pension adjustments (cost of living)

The present value of accrued pension adjustments has been extrapolated to December 31, 2000, using a formula developed by the actuary.

($Millions)	Pension Adjustment Account	Account B Cost of Living	2000 Total	1999 Total
Estimated actuarial present value of accrued pension adjustments at beginning of year	$ 94	$ 87	$ 181	$ 181
Interest accrued on benefits	5	6	11	12
Benefits accrued	–	–	–	10
Benefits paid	(11)	(11)	(22)	(22)
Estimated actuarial present value of accrued pension adjustments at end of year	$ 88	$ 82	$ 170	$ 181

Based on the actuarial valuation as at December 31, 1999, there were insufficient funds in the PAA to provide for a cost of living increase in 2000(1999 - 0.78%). Therefore, no additional accrued benefits have been reflected as at December 31, 2000. (See Subsequent Event Note 18).

The Account B liability for cost of living adjustments is unfunded.

12. Investment Income

($Thousands)	2000	1999
Fixed Income		
Bonds and debentures	$ 42,958	$ 38,962
Mortgages	7,001	6,541
Money market securities	1,923	3,417
Equities		
Canadian	9,060	9,347
Non North American	6,351	3,423
United States	1,965	1,493
Other	136	524
Real estate	8,360	9,241
Gross investment income	$ 77,754	$ 72,948
Less: Transfer to money purchase accounts, Note 6	(21)	(18)
Transfer to employer trust accounts, Note 7	(507)	(463)
Transfer for Fund's share of employees' pension benefits, Note 8	(116)	162
Investment management fees, Note 16	(3,350)	(3,426)
Net investment income	**$ 73,760**	**$ 69,203**

NOTES TO FINANCIAL STATEMENTS

13. Current Period Change in Fair Value of Investments

($ Thousands)	2000	1999
Net realized gain on the sale of investments	$ 163,888	$ 80,354
Net unrealized market appreciation (depreciation)	(47,383)	20,143
Current period change in fair value of investments	$ 116,505	$ 100,497

14. Related Party Transactions

(a) Investments with the Province of Manitoba

($Thousands)	Bonds	Short Term	2000 Total	1999 Total
Balance, beginning of year	$ 19,236	$ -	$ 19,236	$ 15,045
Purchases	13,189	92,803	105,992	99,853
Sales	(17,352)	(92,803)	(110,155)	(93,893)
Current period change in fair value	347	-	347	(1,769)
Balance, end of year	$ 15,420	$ 0	$ 15,420	$ 19,236
Interest income	$ 910	$ 316	$ 1,226	$ 1,576

(b) Investment management services

The Fund owns 10.5% of Greystone Capital Management Inc., whose subsidiary Greystone Managed Investments Inc. provides investment management services to the Fund on a fee for service basis. Investment management fees paid during the year were $2,266,677 (1999 - $572,011).

15. Commitments

As at December 31, 2000, the Teachers' Retirement Allowances Fund had outstanding investment commitments totalling $17.2 million (1999 - $24.5 million).

16. Administrative Expenses

($ Thousands)	2000 Budget	2000 Actual	1999 Actual
Salaries and benefits	$ 1,496	$ 1,487	$ 1,236
Office and administration	428	416	374
Actuarial fees	53	58	45
Custodial and banking	294	225	272
Communication and travel	152	104	85
Professional fees	67	77	216
Board expenses	55	49	53
Sub-total	2,545	2,416	2,281
Investment management fees (Note 12)	3,243	3,350	3,426
Total	**$ 5,788**	**$ 5,766**	**$ 5,707**

17. Comparative Figures

Comparative figures have been reclassified, where necessary, to conform to the 2000 presentation.

18. Subsequent Event

Subsequent to year end, the Minister of Education expressed his intention to introduce an amendment to the Teachers' Pensions Act authorizing the retroactive transfer of $15,621,010 from Account A (Basic Benefits Reserve) to the Pension Adjustment Account and requested the Board to immediately commence payment of a 2.00% cost of living adjustment to retired teachers. Under the existing legislation, the Teachers' Pensions Act, the Board does not have the authority to take this action. However, on January 31, 2001, based on the Minister's expressed intent and request, the Board granted a 2.00% cost of living adjustment retroactive to July 1, 2000. Payment of the arrears related to the retroactive cost of living adjustment, in the amount of $1.8 million, was included in the February, 2001 monthly pension payments. The Fund billed the Province of Manitoba for one half of that amount.

SCHEDULE OF INVESTMENTS

Bonds and Debentures	Interest Rate (%)	Maturity Date	Market Value ($Thousands)
Federal			
Canada	5.500	01-Sep-2002	$ 92,913
Canada	5.000	01-Sep-2004	14,376
Canada	10.750	01-Oct-2009	21,356
Canada	6.000	01-Sep-2005	82,461
Canada	6.000	01-Jun-2011	51,731
Canada	11.250	01-Jun-2015	17,941
Canada	9.000	01-Jun-2025	22,210
Canada	5.750	01-Jun-2029	42,776
Canada	4.000	01-Dec-2031	4,817
Export Development Corp.	6.200	22-Jun-2010	5,825
			356,406
Provincial			
Hydro Quebec	6.500	15-Feb-2011	4,868
Province of British Columbia	5.250	01-Dec-2006	3,115
Province of British Columbia	6.375	23-Aug-2010	11,657
Province of British Columbia	8.500	23-Aug-2013	4,614
Province of British Columbia	5.700	18-Jun-2029	6,094
Province of British Columbia	6.350	18-Jun-2031	5,156
Province of Manitoba	7.875	07-Apr-2003	3,379
Province of Manitoba	5.750	02-Jun-2008	8,468
Province of Manitoba	5.500	15-Nov-2018	3,572
Province of New Brunswick	8.750	19-Apr-2005	4,870
Province of New Brunswick	6.000	27-Dec-2017	5,956
Province of Newfoundland	6.550	17-Oct-2030	3,090
Province of Nova Scotia	6.400	01-Sep-2010	5,249
Province of Ontario	8.000	11-Mar-2003	18,827
Province of Ontario	7.750	24-Jul-2006	4,568
Province of Ontario	6.200	19-Nov-2009	13,971
Province of Ontario	6.500	08-Mar-2029	11,795
Province of Quebec	6.500	01-Dec-2005	8,077
Province of Quebec	6.500	01-Oct-2007	9,089
Province of Quebec	6.000	01-Oct-2029	3,694
Province of Saskatchewan	6.000	01-Jun-2006	3,603
Province of Saskatchewan	5.500	02-Jun-2008	4,791
Province of Saskatchewan	5.750	05-Mar-2029	2,200
			150,703
Municipal			
Municipal Finance Authority of BC	5.500	24-Mar-2008	11,775
			11,775
Corporate			
Alberta Energy Co. Ltd.	8.380	27-Jun-2040	1,689
Associates Cap. Corp.	5.550	02-Jun-2003	4,736
Avenor	10.850	30-Nov-2014	2,120
Bank of Nova Scotia	10.350	19-Jul-2001	5,024
Bank of Nova Scotia	5.750	12-May-2014	2,403
BC Gas Inc.	8.000	19-Apr-2040	3,694
Bell Canada	6.000	01-May-2003	1,983
BNS Capital Trust	7.310	31-Dec-2010	1,498
Canadian Pacific Ltd.	6.650	01-Jun-2005	2,537
Canadian Tire Corp. Ltd.	5.700	09-Jun-2008	2,103
Cards Trust	5.510	23-Jun-2003	2,591
Citibank Canada	6.400	28-Jul-2003	3,764
Citibank Canada	6.550	28-Jul-2005	3,798
Clearnet Communications	--	08-Feb-2001	1,987
Coca Cola Enterprises	6.700	24-Jul-2003	2,268
Financement Quebec	6.250	01-Dec-2015	4,046
Ford Credit Canada Limited	6.650	20-Jun-2005	1,663
Genesis Trust	6.869	15-Feb-2005	2,333
Genesis Trust Powerline	6.428	15-Nov-2003	4,162
GMAC Financial	6.050	16-Sep-2002	20,095
GMAC of Canada	5.550	07-Apr-2003	4,930
GT Group Telecom	--	14-Oct-2002	3,000
H407 International Inc.	9.000	15-Aug-2007	6,820
H407 International Inc.	6.900	17-Dec-2007	2,195
Hollinger Intl.	8.625	15-Mar-2005	1,485
Hollis Rec. Trust	6.205	21-Sep-2004	1,719
Honda Auto Rec. Trust	6.423	14-Mar-2002	2,198
Intrawest Corp.	6.850	02-Dec-2002	1,980
Loblaw Companies Limited	6.950	24-Jan-2005	1,069
Merrill Lynch	6.750	15-Nov-2032	1,901

SCHEDULE
INVESTMEN

Bonds and Debentures	Interest Rate (%)	Maturity Date	Market Value ($Thousands)
NAV Canada	6.600	01-Dec-2006	4,177
NHA MBS Royal Bank	5.375	01-Oct-2002	6,267
NHA MBS Royal Bank	5.125	01-Jan-2003	4,835
Norampac Inc.	9.375	01-Feb-2008	2,978
Nova Chemicals Corp.	7.850	30-Aug-2010	2,525
Rogers Cablesystems	9.650	15-Jan-2014	1,642
Rogers Cantel	10.500	01-Jun-2006	2,054
Rogers Communications Inc.	8.750	15-Jul-2007	1,960
Royal Bank of Canada	5.400	12-Apr-2009	4,950
Royal Bank of Canada	7.288	30-Jun-2010	2,532
Royal Bank of Canada	7.100	25-Jan-2015	3,263
Shaw Communications Inc.	7.400	17-Oct-2007	3,537
Sr. Telecom Inc.	8.150	22-Apr-2005	2,884
St. Joseph Print Ltd.	11.500	21-Dec-2004	1,485
TD Capital Trust Securities	7.600	31-Dec-2009	1,756
Toronto Airport Authority	5.950	03-Dec-2007	8,174
Toronto Airport Authority	6.700	19-Jul-2010	2,329
Toronto-Dominion Bank	6.550	31-Jul-2012	3,796
Transcanada Pipelines Ltd.	5.840	27-Jun-2008	6,752
Trizec Finance Ltd.	10.875	15-Oct-2005	1,493
Trizec Hahn Corp.	7.450	01-Jun-2004	1,974
Videon Cablesystems Inc.	8.150	26-Apr-2010	3,116
			176,270
Private			
Penfund Capital	7.00-13.46	2001-2003	7,508
			7,508
Investments under $1 Million			2,668
Total Bonds and Debentures			**$ 705,330**

Mortgages	Location	Market Value ($Thousands)
Insured	Manitoba	$ 5,437
	Saskatchewan	119
	British Columbia	691
	Ontario	6,399
		12,646
Conventional	Manitoba	17,372
	British Columbia	10,401
	Ontario	21,688
	Alberta	25,830
		75,291
Total Mortgages		**$ 87,937**

Money Market Securities	Maturity Date	Market Value ($Thousands)
Treasury Bills		
Government of Canada	01-Mar-2001	$ 2,958
Government of Canada	24-May-2001	2,995
Government of Canada	08-Nov-2001	1,357
Government of Canada	06-Dec-2001	1,134
Province of Alberta	31-Jan-2001	1,986
Province of British Columbia	13-Feb-2001	1,984
Province of Ontario	08-Feb-2001	2,960
		15,374
Bankers Acceptances		
Bank of Nova Scotia	05-Feb-01	1,052
Canadian Imperial Bank of Commerce	09-Mar-01	1,973
Toronto Dominion Bank	23-Jan-01	1,981
Toronto Dominion Bank	01-Feb-01	2,563
		7,569
Corporate Paper		
Corporate Receivables Trust	12-Jan-2001	1,493
GE Capital Funding Co.	08-Feb-2001	1,339
		2,832
Investments under $1 million		3,284
Total Money Market Securities		**$ 29,059**

SCHEDULE OF INVESTMENTS

Canadian Equities

	Market Value ($Thousands)
Abitibi-Consolidated Corp.	$ 11,826
AGF Mgmt.	8,683
Alberta Energy	14,683
Anderson Exploration	14,240
Bank of Montreal	22,466
Bank of Nova Scotia	34,909
Barrick Gold Corp.	12,575
Bombardier Inc.	34,533
CAE Inc.	12,478
Cameco Corp.	16,788
Canadian National Railway	19,650
Canadian Natural Resources	19,141
Celestica Inc.	15,759
CMAC Industries Inc.	17,494
Dofasco Inc.	8,170
Domtar Inc.	10,755
Enerflex Systems Ltd.	5,963
GSI Lumonics Inc.	3,284
Intertape Polymer	3,345
Ipsco Inc.	7,820
Loblaw Co.	14,222
Magna Intl. Inc.	15,500
Micrologix Biotech Inc.	3,671
Mitel Corp.	4,896
Noranda	10,946
Nortel Networks Corp.	24,391
North West Company Fund	13,855
Penn West Petroleum	19,616
Petro-Canada	23,370
Power Corp. of Canada	17,734
Power Financial Corp.	14,864
Quebecor World Inc.	20,018
Royal Bank of Canada	39,976
Royal Group Technologies	5,250
Sears Canada Inc.	12,721
Talisman Energy Inc.	21,180
Toronto Dominion Bank	24,892
Total Canadian Equities	**$ 581,664**

Non North American Equities

	Market Value ($Thousands)
Greystone Non-North American Pooled Fund	$ 88,647
Templeton Management Ltd.	93,549
	182,196
Investments under $1 million	71
Total Non North American Equities	**$ 182,267**

U.S. Equities

	Market Value ($Thousands)
Greystone	$ 108,191
Mellon Capital Index Pooled Fund	62,828
	171,019
Investments under $1 million	5
Total U.S. Equities	**$ 171,024**

Other Equities

	Market Value ($Thousands)
CAI Capital Partners	$ 2,992
Canadian Home Income Plan	1,953
Livingston International	1,700
MDS Health Capital Corp.	7,373
MDS Health Pension Corp.	3,816
MDS Health Ventures Inc.	2,125
Neuroscience Partners	3,846
Wembley Resources	1,509
	25,314
Investments under $1 million	3,567
Total Other Equities	**$ 28,881**

Real Estate

	Market Value ($Thousands)
8081 Lougheed Hwy.	$ 7,716
Aset Management Inc.	14,863
Dalhousie Station	4,426
Enterprise Street	3,609
Explorer Drive	1,489
Meridian Business Centre	3,164
Pensionfund Realty Ltd.	71,026
Saskpen Properties Ltd.	1,628
Summerlea Clark Road	10,240
	118,161
Investments under $1 million	1,533
Total Real Estate	**$ 119,694**

CORPORATE DIRECTORY

BOARD OF DIRECTORS

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Cordell Barker, Vice Chair
Bruce Chegus
Pat Isaak
Bob Malazdrewich
Doug McGiffin
Art Reimer

INVESTMENT COMMITTEE

Ian Sutherland, Chair
Pat Gannon, Deputy Minister of Finance
Art Reimer, Teacher Member
Pat Isaak, Teacher Observer

INVESTMENT MANAGEMENT

Greystone Managed Investments Inc.

PERFORMANCE MEASUREMENT

Comstat Capital Sciences

MANAGEMENT

Tom Ulrich
President and Chief Executive Officer

Les Brown
Vice President, Information Services

Dewar McKinnon
Vice President, Finance & Operations

Brenda Venuto
Vice President, Benefits Administration & Member Services

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